

Message Text

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ACTION EB-06

INFO OCT-01 AF-04 EUR-08 ISO-00 AGR-05 CIAE-00 INR-05

LAB-01 NSAE-00 RSC-01 SP-02 STR-01 TRSE-00 SWF-01

CIEP-01 FRB-01 OMB-01 /038 W
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R 251050Z OCT 74

FM AMEMBASSY COTONOU

TO SECSTATE WASHDC 6652

INFO AMEMBASSY ABIDJAN

AMEMBASSY PARIS

USDOC WASHDC

C O N F I D E N T I A L COTONOU 1645

EO 11652: GDS

TAGS: BPRO, EINV, CM

SUBJ: KEREKOU COOLS TEXTILE PROJECT

1. WILLIAM REID, CHAIRMAN OF THE BOARD OF RIEGEL TEXTILE CORP. (US), M. THIERRY MIEG, PRESIDENT OF ETS. SCHAEFFER ET CIE (FRANCE), AND DR JOHANN LINZ, IRISSETTE (WEST GERMANY) VISITED COTONOU THIS WEEK TO LOOK INTO SETTING UP A JOINT PROJECT INVOLVING ESTABLISHING A SPINNING AND WEAVING MILL AND A FACTORY TO PRODUCE BEDLINENS FOR EXPORT. THE NEW PLANTS WOULD EMPLOY 300 AND INVOLVE SUBSTANTIAL INVESTMENTS OF NEARLY \$9 MILLION. TIMING OF THE VISIT WAS BAD DUE TO CABINET CHANGES THAT TOOK PLACE THE DAY OF THEIR ARRIVAL (COTONOU 1627) THE GROUP REALIZED THAT THEY COULD NOT MAKE MUCH PROGRESS AT THIS TIME AND WERE WILLING TO RETURN IN A FEW WEEKS TO TRY AGAIN.

2. ON THE LAST DAY OF THEIR VISIT, THEY PAID A CALL ON PRES KEREKOU. KEREKOU SUCCEEDED IN DAMPENING THEIR ENTHUSIASM FOR INVESTING IN DAHOMEY. IN FACT REID AND LINZ WERE READY TO WALK AWAY FROM THE PROJECT AT ONCE. KEREKOU EXPRESSED NO APPARENT INTEREST IN HAVING THEM INVEST HERE. IF THEY DID, HE TOLD THEM THEY WOULD NOT GET ANY SPECIAL CONCESSIONS. (FYI: THEY ARE ASKING FOR TAX BREAK AS A NEW INVESTMENT PROJECT AND SPECIAL
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PRICES ON RAW COTTON AND ELECTRICITY PRICES. THE PRESIDENT

VIEWS THIS PROJECT AS MERELY AN ENLARGEMENT OF AN EXISTING TEXTILE PRINTING FACTORY (OCODA) IN WHICH ONLY SCHAEFFER OF THE THREE HAS AN INTEREST).

3. FOLLOWING MEETING WITH KEREKOU, GROUP REQUESTED JOINT MEETING WITH FRENCH AND GERMAN AMBASSADORS AND US. AT URGING OF THIERRY MIEG, US AND GERMAN INTERESTS AGREED TO WITHHOLD FINAL DECISION PENDING SOUNDINGS TO BE MADE AT MINISTERIAL LEVEL SEPARATELY BY THE CHIEFS OF THE THREE DIPLOMATIC MISSIONS.

4. UP UNTIL NOW, KEREKOU AND MRGD HAVE BEEN QUITE POSITIVE ABOUT WANTING US INVESTMENTS IN DAHOMEY.

5. IN SUBSEQUENT CONVERSATIONS WITH PRESIDENT'S ECONOMIC ADVISER ABU BABA MOUSSA, EMBASSY LEARNED THAT MRGD HAS TAKEN NARROW VIEW THAT THIS PROJECT IS MERELY A SCHEME TO HAVE TAX BENEFITS GRANTED ICODA, WHICH ARE ABOUT TO RUN OUT, EXTENDED. I EXPLAINED THAT THIS NOT THE CASE AND THAT MRGD SHOULD REGARD PROJECT AS A COMPLETELY NEW INVESTMENT SINCE NEITHER US OR GERMAN FIRMS ARE INVOLVED IN ICODA.
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Message Attributes

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